
State: Arkansas **Filing Company:** Family Life Insurance Company
TOI/Sub-TOI: H01 Health - Assumption Agreement/H01.000 Health - Assumption Agreement
Product Name: FLIC/National States2 Assumption
Project Name/Number: /

Filing at a Glance

Company: Family Life Insurance Company
Product Name: FLIC/National States2 Assumption
State: Arkansas
TOI: H01 Health - Assumption Agreement
Sub-TOI: H01.000 Health - Assumption Agreement
Filing Type: Form
Date Submitted: 11/29/2012
SERFF Tr Num: CEUL-128719125
SERFF Status: Closed-Approved-Closed
State Tr Num:
State Status: Approved-Closed
Co Tr Num: BDDDB01 9430346V4

Implementation: 12/01/2012
Date Requested:
Author(s): Genetha Roberson
Reviewer(s): Rosalind Minor (primary)
Disposition Date: 11/29/2012
Disposition Status: Approved-Closed
Implementation Date:

State Filing Description:

State: Arkansas **Filing Company:** Family Life Insurance Company
TOI/Sub-TOI: H01 Health - Assumption Agreement/H01.000 Health - Assumption Agreement
Product Name: FLIC/National States2 Assumption
Project Name/Number: /

General Information

Project Name: Status of Filing in Domicile: Pending
Project Number: Date Approved in Domicile:
Requested Filing Mode: Domicile Status Comments: filed concurrently
Explanation for Combination/Other: Market Type: Individual
Submission Type: New Submission Individual Market Type:
Overall Rate Impact: Filing Status Changed: 11/29/2012
State Status Changed: 11/29/2012
Deemer Date: Created By: Genetha Roberson
Submitted By: Genetha Roberson Corresponding Filing Tracking Number:

Filing Description:

Assumption Reinsurance Agreement by and among National States Insurance Company, In Liquidation, and the National Organization of Life and Health Insurance Guaranty Associations, and Participating State Life and Health Insurance Guaranty Associations and Family Life

Company and Contact

Filing Contact Information

Genetha Roberson, Compliance Analyst GRoberso@manhattanlife.com
10777 NW Freeway 713-821-6435 [Phone]
Houston, TX 77092 713-821-6551 [FAX]

Filing Company Information

Family Life Insurance Company CoCode: 63053 State of Domicile: Texas
10777 Northwest Freeway Group Code: 1117 Company Type:
Houston, TX 77092 Group Name: Manhattan State ID Number:
(800) 877-7705 ext. [Phone] Insurance Group
FEIN Number: 91-0550883

Filing Fees

Fee Required? Yes
Fee Amount: \$50.00
Retaliatory? Yes
Fee Explanation:
Per Company: No

Company	Amount	Date Processed	Transaction #
Family Life Insurance Company	\$50.00	11/29/2012	65278897

State:	Arkansas	Filing Company:	Family Life Insurance Company
TOI/Sub-TOI:	H01 Health - Assumption Agreement/H01.000 Health - Assumption Agreement		
Product Name:	FLIC/National States2 Assumption		
Project Name/Number:	/		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	11/29/2012	11/29/2012

State:	Arkansas	Filing Company:	Family Life Insurance Company
TOI/Sub-TOI:	H01 Health - Assumption Agreement/H01.000 Health - Assumption Agreement		
Product Name:	FLIC/National States2 Assumption		
Project Name/Number:	/		

Disposition

Disposition Date: 11/29/2012

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Flesch Certification	Approved-Closed	Yes
Supporting Document	Assumption Reinsurance Agreement	Approved-Closed	Yes
Supporting Document	Domiciliary approvals	Approved-Closed	Yes
Supporting Document	Court Order	Approved-Closed	Yes
Supporting Document	Cover Letter	Approved-Closed	Yes
Form	Certificate of Assumption	Approved-Closed	Yes

State:	Arkansas	Filing Company:	Family Life Insurance Company
TOI/Sub-TOI:	H01 Health - Assumption Agreement/H01.000 Health - Assumption Agreement		
Product Name:	FLIC/National States2 Assumption		
Project Name/Number:	/		

Form Schedule

Lead Form Number:								
Item No.	Schedule Item Status	Form Name	Form Number	Form Type	Form Action	Action Specific Data	Readability Score	Attachments
1	Approved-Closed 11/29/2012	Certificate of Assumption	BDDDB01 9430346v4 AR	CER	Initial			AR_NationalStates_CofA(BDDDB01 9430346v4 AR).pdf

Form Type Legend:

ADV	Advertising	AEF	Application/Enrollment Form
CER	Certificate	CERA	Certificate Amendment, Insert Page, Endorsement or Rider
DDP	Data/Declaration Pages	FND	Funding Agreement (Annuity, Individual and Group)
MTX	Matrix	NOC	Notice of Coverage
OTH	Other	OUT	Outline of Coverage
PJK	Policy Jacket	POL	Policy/Contract/Fraternal Certificate
POLA	Policy/Contract/Fraternal Certificate: Amendment, Insert Page, Endorsement or Rider	SCH	Schedule Pages

Family Life Insurance Company
10777 Northwest Freeway
Houston, TX 77019

«NAME»
«ADDRESS»
«CITY_STATE_ZIP»

«POLICY NUMBER»

CERTIFICATE OF ASSUMPTION

This is to certify that Family Life Insurance Company ("Family Life"), a Texas life insurance company, pursuant to an Assumption Reinsurance Agreement ("Agreement") by and among National States Insurance Company, In Liquidation, and the National Organization of Life and Health Insurance Guaranty Associations, and Participating State Life and Health Insurance Guaranty Associations and Family Life, hereby assumes as of 12:01 A.M. CST on December 1, 2012 ("Effective Date") all of the contractual obligations under the above-numbered policy originally issued by National States Insurance Company (the "Policy"). Family Life assumes the contractual obligations under the subject Policy, subject to (i) all the terms and conditions contained in the Policy, (ii) any defenses and offsets available to Family Life, (iii) the terms and conditions set forth in the Agreement and this Certificate of Assumption, which will become part of the Policy and (iv) the final Order entered by Circuit Court of Cole County in the State of Missouri (Case No.: 10AC-CC00219) approving the terms and conditions of the Agreement and this Certificate of Assumption.

Family Life is not responsible for any act, error or omission of National States Insurance Company or any third party in connection with the Policy prior to the Effective Date.

From and after the date hereof, you should submit all claims under this Policy, whenever incurred, and all premiums due under this Policy, to Family Life Insurance Company at the following address:

FAMILY LIFE INSURANCE COMPANY
10777 Northwest Freeway
Houston, TX 77092
Phone: 713-529-0045
Toll Free: 1-800-669-9030

For further information regarding the financial condition of Family Life Insurance Company, please write or call Arkansas Insurance Department at 1200 West Third Street, Little Rock, Arkansas 72201-1904, (501) 371-2600.

IN WITNESS WHEREOF, FAMILY LIFE has caused this Certificate to be executed at its Home Office in Houston, Texas, by its President as of the first day of <<December 2012>>, its effective date.



Mary Lou Rainey, Secretary



Dan George, President

PLEASE ATTACH THIS CERTIFICATE TO YOUR POLICY

State:	Arkansas	Filing Company:	Family Life Insurance Company
TOI/Sub-TOI:	H01 Health - Assumption Agreement/H01.000 Health - Assumption Agreement		
Product Name:	FLIC/National States2 Assumption		
Project Name/Number:	/		

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Flesch Certification	Approved-Closed	11/29/2012
Comments:			
Attachment(s):			
AR FLESCH CERT.pdf			

		Item Status:	Status Date:
Satisfied - Item:	Assumption Reinsurance Agreement	Approved-Closed	11/29/2012
Comments:			
Attachment(s):			
Assumption Reinsurance Agreement.pdf			

		Item Status:	Status Date:
Satisfied - Item:	Domiciliary approvals	Approved-Closed	11/29/2012
Comments:			
Attachment(s):			
TX_L&HApproval.pdf			
MO_Approval.pdf			

		Item Status:	Status Date:
Satisfied - Item:	Court Order	Approved-Closed	11/29/2012
Comments:			
Attachment(s):			
NSIC - Family Life Assumption Order-1.pdf			

		Item Status:	Status Date:
Satisfied - Item:	Cover Letter	Approved-Closed	11/29/2012
Comments:			

SERFF Tracking #:	CEUL-128719125	State Tracking #:		Company Tracking #:	BDDDB01 9430346V4
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State:	Arkansas	Filing Company:	Family Life Insurance Company
TOI/Sub-TOI:	H01 Health - Assumption Agreement/H01.000 Health - Assumption Agreement		
Product Name:	FLIC/National States2 Assumption		
Project Name/Number:	/		

Attachment(s):

AR_NationalStates2_CvrLtr.pdf

ARKANSAS FLESCH CERTIFICATION

I hereby certify that the form(s) listed below meet(s) the minimum reading ease score on a Flesch test basis in accordance with ACA 23-80-206

Form No(s)

Flesch Score:

BDDDB01 9430346v4 AR

47

FAMILY LIFE INSURANCE COMPANY

Mary Lou Rainey

Officer of the Company's Signature

Mary Lou Rainey, Corporate Secretary

November 29, 2012

Date

ASSUMPTION REINSURANCE AGREEMENT

among

NATIONAL STATES INSURANCE COMPANY, IN LIQUIDATION

and

NATIONAL ORGANIZATION OF LIFE AND HEALTH
INSURANCE GUARANTY ASSOCIATIONS

and

Participating State Life and Health
Insurance Guaranty Associations

and

FAMILY LIFE INSURANCE COMPANY

Dated: October 1, 2012

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Exhibits

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- A-2 Calculation of Funds To Be Transferred
- B Form Assumption Certificate
- C Form Promissory Note
- D Adjustment of Payments as of the Effective Date
- E List of Affected Guaranty Associations
- F NOLHGA Certification of Participating Associations
- G List of Transferred Policies (Also Separate Electronic File)

ASSUMPTION REINSURANCE AGREEMENT

This Assumption Reinsurance Agreement ("Agreement") entered into on October 1, 2012, is among National States Insurance Company, in Liquidation ("the Company"), the National Organization of Life and Health Insurance Guaranty Associations, a Virginia non-stock corporation ("NOLHGA"), NOLHGA's members that have elected to participate in this Agreement in accordance with NOLHGA's participation procedures described in Article V below ("Participating Associations"), and Family Life Insurance Company ("Reinsurer").

RECITALS

A. The Company is a Missouri domiciled life insurance company against which a final order of liquidation was entered on November 15, 2010 by the Circuit Court of Cole County in the State of Missouri ("Court") (Case No.: 10AC-CC00219), pursuant to Mo. Rev. Stat. §§375.1174 and 375.1175 ("Order of Liquidation"). Prior to April 1, 2010, the Company was licensed to do business in all states where there is a state life and health insurance guaranty association affected by the Order of Liquidation. (See Exhibit E.)

B. The Order of Liquidation declared the Company to be insolvent, ordered its liquidation, and the Court appointed John M. Huff, Director, Department of Insurance, Financial Institutions and Professional Registration of the State of Missouri and his successors in office as Liquidator of the Company and Bruce Baty as Special Deputy Liquidator of the Company (hereinafter collectively referred to as "Liquidator"). Pursuant to the final Order of Liquidation and Mo. Rev. Stat. § 375.1176, the Liquidator acts for and on behalf of the Company and is vested by operation of law with title to all of the property, contracts, rights of action, books and records of the Company, is in possession of or is now acquiring the assets of the Company, and is administering them under the general supervision of the Court. The Liquidator is signing this Agreement on behalf of the Company and as a party. Where this Agreement refers to obligations of the Company, those obligations are to be discharged on behalf of the Company by the Liquidator or those persons acting pursuant to the Liquidator's direction.

C. As of the date of this Agreement, certain health insurance policies are in effect as are specified in accordance with this Agreement on an electronic file substantially in the form of Exhibit A-1. The health insurance policies on Exhibit A-1 are referred to as the "Policies".

D. The holders of the Policies reside in at least 37 states. In each of those states, there is a life and health insurance guaranty association (collectively, the "Affected Guaranty Associations") that, as a result of the Order of Liquidation and the finding of insolvency of the Company, has and will as of the Effective Date have obligations, subject to statutory conditions and limitations on coverage and applicability, to holders of the Company's Policies who reside within the association's jurisdiction ("Covered Obligations"). The Covered Obligations include continuing coverage under the Company's Policies by guaranteeing, assuming or reinsuring the contractual obligations of the Company as an insolvent member insurer.

E. NOLHGA is a voluntary association of its members organized as a corporation. Its members consist of life and health insurance guaranty associations established

by the laws of the states and other jurisdictions of the United States of America, and include all of the Affected Guaranty Associations.

F. Reinsurer is a Texas domiciled life insurance company licensed in all jurisdictions where National States was licensed and there is an Affected Guaranty Association.

G. Pursuant to Mo. Rev. Stat. §375.1182.1(8), the Liquidator may, when deemed appropriate, use assets of an insurer that is under an order of liquidation to achieve a transfer of contractual obligations to a solvent assuming insurer, such as Reinsurer, if that transfer can be arranged without prejudice to applicable priorities under Mo. Rev. Stat. §375.1218.

H. In accordance with the terms and conditions herein, Reinsurer desires to reinsure and assume the Policies. Each Affected Guaranty Association is hereby given the opportunity to agree to and participate in this Agreement so that its Covered Obligations will be discharged through Reinsurer's reinsurance and assumption of the Transferred Policies.

NOW, THEREFORE, in consideration of the mutual benefits to be received by the parties and the mutual covenants and agreements contained herein, the parties agree that the recitals set forth above are adopted and made part of this Agreement and further agree as follows:

Article I

Definitions

The following terms have the meanings set forth below or as indicated in the referenced sections:

(a) The terms "Accounting" and "Final Accounting" have the meanings set forth in Section 6.1 and Section 6.2, respectively.

(b) The term "Affected Guaranty Associations" has the meaning set forth in Recital D.

(c) The term "Company" means National States Insurance Company, in Liquidation.

(d) The terms "Closing" and "Closing Date" have the meanings set forth in Section 16.1.

(e) The term "Commissions" has the meaning set forth in Article IX.

(f) The term "Contract Date" means the date set forth in the first paragraph of this Agreement.

(g) The term "Court" has the meaning set forth in Recital A.

- (h) The term "Covered Obligations" has the meaning set forth in Recital D.
- (i) The term "Default" means the failure of any Participating Association to make a required payment of principal or interest when due under any Promissory Note issued pursuant to Section 4.1.
- (j) The term "Defaulting Participating Association" means a Participating Association that is in Default.
- (k) The term "Defenses" means (a) any known or unknown, actual or contingent, rights, defenses, offsets, counterclaims, and cross-claims, and (b) any and all rights, limitations, terms, conditions, and provisions provided for in this Agreement relative to the assumption of the Transferred Policies.
- (l) The term "Effective Date" means December 1, 2012, commencing at 12:01 a.m. Central Standard Time.
- (m) The term "Excluded Policies" has the meaning set forth in Section 5.2.
- (n) The term "Financial Statements" has the meaning set forth in Section 14.5.
- (o) The term "Guaranty Assets" has the meaning set forth in Section 4.1 and as shown on Exhibit A-2.
- (p) The term "Order of Liquidation" has the meaning set forth in Recital A.
- (q) The term "Participating Associations" has the meaning set forth in the introductory paragraph of this Agreement.
- (r) The term "Policies" has the meaning set forth in Recital C.
- (s) The term "Promissory Note" means a promissory note in the form of Exhibit C attached hereto issued pursuant to Section 4.1.
- (t) The term "Records" means all of the Company's paper and computer files, books, correspondence, records, and other documents relating to the Transferred Policies.
- (u) The term "Transferred Policies", as reflected on an electronic file in substantially the form of Exhibit G, means any of the Policies that do not become Excluded Policies.

Article II

Reinsurance and Assumption of Transferred Policies

Section 2.1 Transfer and Ceding. Subject to the terms and conditions of this Agreement, the Company and each Participating Association will transfer and cede, and Reinsurer will reinsure and assume, the Transferred Policies as of the Effective Date.

Section 2.2 Standard of Performance; Liability. From and after the Effective Date, Reinsurer shall be liable for the payment of benefits on the Transferred Policies in accordance with the terms and conditions of the Transferred Policies and for handling all benefit payments that are due on or after the Effective Date (including any benefit reported but unpaid and any benefit incurred but not reported prior to the Effective Date – i.e. case reserves and IBNR), except for those benefit payments for which the Company or the Participating Associations shall be liable as identified in Sections 2.6 and 2.7, respectively. Reinsurer is not assuming liability for any benefits outside the express written terms of the Transferred Policies including: (1) claims based on the marketing, underwriting or servicing of the Transferred Policies prior to the Effective Date (specifically including any liability related to race based pricing), (2) claims based on side letters, side riders or other documents that were issued prior to the Effective Date without meeting applicable policy form filing or approval requirements, (3) claims based on misrepresentation prior to the Effective Date of policy benefits, (4) extra contractual claims arising from actions prior to the Effective Date or (5) claims for penalties or consequential or incidental damages arising from actions prior to the Effective Date, all such liabilities being specifically retained by the Company. Reinsurer shall be liable for and shall defend at its own expense actions on account of any act, error, or omission of Reinsurer. Transfer of administration shall occur on the Effective Date, and Reinsurer agrees to administer the Transferred Policies and to service and otherwise handle the Transferred Policies in accordance with the terms and conditions of the Transferred Policies and with applicable state laws and regulations and in a manner consistent with the level of policyholder and administrative services provided by Reinsurer to its other direct policyholders and insureds.

Section 2.3 Defenses. Subject to the terms and conditions of this Agreement, Reinsurer shall succeed to all Defenses that the Company and any Participating Association had, still has, or may have in connection with any benefit payments for which Reinsurer is liable under Section 2.2, all of which Defenses are hereby assigned and transferred to Reinsurer. The Company and the Participating Associations retain any Defenses they had, still have or may have in connection with any benefits payment obligations for which they are liable or in connection with claims under Sections 2.6 and 2.7, respectively. It is expressly understood and agreed by the parties that no defenses, set-offs or counterclaims are waived by execution of this Agreement.

Section 2.4 Contract Reinstatement. Reinsurer agrees to reinstate lapsed Policies that were entitled to reinstatement under the terms of the applicable Policy on the Effective Date and that otherwise would be Transferred Policies, subject to the underwriting criteria and other conditions imposed by the lapsed Policies. Upon reinstatement, the lapsed Policies shall be included in the Transferred Policies reinsured and assumed under the terms and conditions of this Agreement and subject to receipt by Reinsurer of the appropriate Guaranty Assets relating to such policies.

Section 2.5 Effect of Liquidation. Except as otherwise provided in this Agreement, Reinsurer shall pay benefits under the Transferred Policies as provided under the Transferred Policies without any diminution due to the Order of Liquidation.

Section 2.6 The Company's Liabilities. The Company shall be liable for all actions on account of any act, error or omission of the Company in connection with the handling of the Transferred Policies incurred before the Effective Date.

Section 2.7 Participating Associations' Liabilities. Each of the Participating Associations, severally but not jointly, shall be liable for and shall defend any and all actions on account of any act, error, or omission of that Participating Association occurring prior to the Effective Date. No Participating Association shall be liable for or required to defend any action on account of any act, error, or omission of another Participating Association. Moreover, no Participating Association shall be liable for any obligation in excess of amounts for which it is individually responsible in connection with its Covered Obligations.

Article III

Assumption Certificate and Regulatory Approvals

Section 3.1 Form of Assumption Certificate. Subject to the provisions of Section 15.1, Reinsurer shall issue an assumption certificate to each holder of the Transferred Policies in substantially the form of Exhibit B. The assumption represented by the assumption certificates is subject to the terms and conditions of the Transferred Policies, this Agreement, and any Defenses that are now or may hereafter become available to the Company, any Participating Association, or Reinsurer. Reinsurer shall be responsible for obtaining any insurance department approval of the assumption certificate that may be required by the law of any state. As soon as may be reasonably practical following the Contract Date, but in any event within 20 days of such date, Reinsurer shall make application for the insurance department approvals contemplated by the preceding sentence. The Liquidator and NOLHGA agree that they will cooperate with Reinsurer in an attempt to obtain such approvals; provided, however, that nothing contained herein or elsewhere in this Agreement shall relieve or excuse Reinsurer from its obligation to seek such approvals.

Section 3.2 Delivery of Assumption Certificates. Reinsurer shall mail an assumption certificate to each holder of the Transferred Policies by first-class mail, postage prepaid, within 60 days following the later to occur of (x) the receipt of all insurance department approvals necessary for the delivery of the assumption certificate to the holder and (y) the Closing Date. Reinsurer shall indemnify and hold harmless the other parties hereto from any damages, losses or expenses arising from an assumption certificate not being mailed to each holder of the Transferred Policies in accordance with the above. The text of any written communication to be mailed to holders of the Transferred Policies in conjunction with the assumption certificates or with the explanation of this transaction shall be approved by the Liquidator and NOLHGA prior to mailing. If the Liquidator and NOLHGA do not disapprove any such proposed written communication within 30 days of receipt, the written communication may be used by Reinsurer.

Article IV

Transfer of Assets

Section 4.1 Exhibit A-2 Calculations.

(a) On the Closing Date each Participating Association shall convey and deliver to Reinsurer its payment of Guaranty Assets, if any, calculated as shown in accordance with a format substantially similar to Exhibit A-2 and as revised or adjusted in accordance with this Article IV. The parties agree that any payments to be made to Reinsurer by the Participating Associations shall be made, in the sole discretion of each Participating Association, in cash or in the form of promissory notes of not more than 12 months duration attached hereto as Exhibit C. No Participating Association shall be liable for amounts for which any other Participating Association is liable under this Agreement. The payment by the Participating Associations of Guaranty Assets pursuant to this Agreement will result in the Participating Associations having claims against the estate of the Company under Mo. Rev. Stat. §375.1218.2.

(b) If any Participating Association becomes a Defaulting Participating Association by failing to make a payment of principal or interest when due (the "Default Amount"), Reinsurer shall give notice to the Defaulting Participating Association pursuant to the terms of the Promissory Note and send copies of such notice to NOLHGA and the Company. If the Defaulting Participating Association fails to cure the Default pursuant to the terms of the Promissory Note, then the corresponding portion of the Covered Obligations as to which such Promissory Note was made shall be reduced by an amount equal to the principal amount of the Default Amount. The Default Amount shall revert back to and be a direct liability of the Defaulting Participating Association and shall no longer be assumed or reinsured by Reinsurer. Reinsurer shall pay to the Defaulting Participating Association (i) that portion of Guaranty Assets paid by the Defaulting Participating Association at Closing and that portion of any premiums paid by holders of the Transferred Policies to Reinsurer on or after the Closing Date that is allocable to the Default Amount portion of the Covered Obligations, less (ii) that portion of any benefit payment made by Reinsurer that is allocable to the Default Amount portion of the Covered Obligations. Administration responsibilities for any Default Amount portion of the Covered Obligations shall be transferred to the Defaulting Participating Association.

(c) The ceding allowance due from the Reinsurer is taken into account and calculated as shown on Exhibit A-2 and as revised or adjusted in accordance with this Article IV.

Section 4.2 Preparation of and Revisions to Exhibit A-2. NOLHGA has prepared Exhibit A-2 so as generally to describe on a state-by-state basis the financial aspects of and payment obligations under this Agreement, as they are expected to be on the Effective Date. Ten days prior to Closing, NOLHGA shall revise Exhibit A-2 and Exhibit G to take into account any

Affected Guaranty Association that does not become a Participating Association and to bring Exhibit A-2 and Exhibit G forward to a date as near the Closing Date as possible. NOLHGA shall send copies of revised Exhibit A-2 and Exhibit G to the Company and Reinsurer by e-mail or by overnight delivery service to arrive the following business day. The Company shall provide NOLHGA with such information and assistance as NOLHGA may require in preparing Exhibit A-2 and Exhibit G.

Section 4.3 Adjustments. The payments made at the Closing based on Section 4.2 of this Agreement shall be adjusted to reflect revisions to Exhibit A-2 as of the Effective Date in accordance with a format substantially similar to Exhibit D, which shall include any adjustments required pursuant to Section 6.1 of this Agreement, and any payments due a party shall be made as part of the Final Accounting under Section 6.2 of this Agreement.

Section 4.4 Return of Certain Payments. If a Participating Association is asked to pay benefits under a Transferred Policy by a holder of the Transferred Policy, a department of insurance or any other person or regulatory authority, the Participating Association shall give Reinsurer notice of the request and an opportunity to assist the Participating Association in formulating a response to such request. If the Participating Association ultimately pays benefits under the Transferred Policy, Reinsurer shall refund the payment made attributable to that Transferred Policy to the Participating Association and be released from the related liabilities in connection with the payment attributable to the Transferred Policy.

Article V

Participation by Affected Guaranty Associations

Section 5.1 Delivery of Agreement to Associations. Within five business days after the Contract Date, NOLHGA shall send by e-mail or overnight delivery a copy of this Agreement to all Affected Guaranty Associations. Each Affected Guaranty Association that agrees to and participates in this Agreement as provided in this Article V is deemed to be a "Participating Association."

Section 5.2 Participating Associations. On or before 40 days (or the next business day if the 40th day falls on a weekend or a holiday) after the Contract Date, NOLHGA shall certify to the Liquidator and Reinsurer in the form attached as Exhibit F which of the Affected Guaranty Associations have agreed to become Participating Associations. Each Participating Association certified by NOLHGA is bound by the terms and conditions of this Agreement. Any Affected Guaranty Association that does not become a Participating Association shall be considered a Non-Participating Association, and the Policies for which it has or will have Covered Obligations shall be Excluded Policies. Exhibit G will reflect the Transferred Policies that will be assumed by Reinsurer and are not Excluded Policies.

Article VI

Accounting Procedures

Section 6.1 Notice and Correction of Errors.

(a) If Policies falling within the scope of this Agreement are omitted from Exhibit A-1 or Exhibit G, if any error is discovered in the data reflected in the various calculations and accountings to be accomplished in accordance with this Agreement and the exhibits hereto or if any additional data is discovered by a party hereto ("Accounting"), and those errors or additional data require revision of all or any portion of the Accounting, then the party discovering the error or additional information shall immediately give written notice thereof to the Company, the Reinsurer, and NOLHGA, as appropriate. Any payment agreed to by January 31, 2013 and required of a party because of such a revision shall be made pursuant to Section 6.2.

(b) With respect to revisions to the Accounting pursuant to Section 6.1(a) and not settled as part of the Final Accounting under Section 6.2, payments agreed to and required of a party because of such revisions shall be made on June 28, 2013. However, to be effective, notice must be delivered to the Company, the Reinsurer, and NOLHGA, as appropriate, by May 31, 2013. If any disputes among the parties are not resolved prior to June 28, 2013, any amount ultimately determined to be due a party will be paid promptly upon resolution of the dispute.

(c) After May 31, 2013, no party shall be entitled to a further revision or adjustment to the Accounting or any payments made thereunder, except the Liquidator and/or a Participating Association shall be entitled to transfer, and Reinsurer shall be obligated to reinsure, any policy that falls within the scope of this Agreement but was omitted from Exhibit A-1 or Exhibit G and was, therefore, not transferred as of Closing, provided that Reinsurer is compensated for the policy's then existing obligations or a portion thereof in an amount agreed to by the parties.

Section 6.2 Final Accounting.

(a) A final accounting ("Final Accounting") shall be prepared by NOLHGA with the cooperation of the Liquidator, the Participating Associations, and Reinsurer, which shall be distributed to the Liquidator, the Participating Associations, and Reinsurer no later than January 10, 2013, or a later date if agreed upon among the Liquidator, NOLHGA and Reinsurer, to reflect any adjustments or revisions made pursuant to Section 4.3 of this Agreement.

(b) Notice of any disputes concerning the Final Accounting shall be delivered to the Company, NOLHGA and the Reinsurer as appropriate by 5:00 p.m. CT within one week after the delivery of the Final Accounting, and the parties shall resolve any such disputes and pending disputes under Section 6.1(a) by 5:00 p.m. CT within two weeks after delivery of the Final Accounting.

(c) Any payments due another party under the Final Accounting shall be made by 1:00 p.m. CT on January 31, 2013 unless there are any unresolved disputes. If there are unresolved disputes, any payments due another party will be paid as soon as such disputes are resolved.

Article VII

Premiums and Other Receipts

Section 7.1 Transfer of Receipts. All premiums and other receipts on the Transferred Policies (whether in the form of checks, drafts, money orders, postal notes or otherwise) received by any party or person for periods on or after the Effective Date shall be the sole property of Reinsurer. The Company shall deliver to Reinsurer all premiums and other receipts due Reinsurer under this Section 7.1 after the Closing Date no later than 10 days after the premiums or other receipts are received by the Company. All premiums and other receipts delivered shall bear all necessary endorsements required to effect transfer to Reinsurer.

Section 7.2 Bank Drafts. After the Closing Date, Reinsurer shall have all rights of the Company and its Liquidator under outstanding bank draft authorizations from policyholders that authorize withdrawal from policyholders' bank accounts to pay premiums on the Transferred Policies, to the extent permitted by the laws of the states in which the affected policyholders reside.

Section 7.3 Collections. Reinsurer shall have the right and authority to collect for its own account all receivables and other items to be transferred by the Company to Reinsurer and to make any necessary endorsement without recourse and without warranties of any kind on any checks or other evidences of indebtedness received by Reinsurer on account of any such receivables or other items. The Company agrees to employ all reasonable efforts to secure the endorsements necessary to effect the transfers contemplated herein.

Article VIII

Records

Section 8.1 Access. Prior to the Closing Date, the Liquidator shall give Reinsurer, the Affected Guaranty Associations, and NOLHGA reasonable access to the Records. The Liquidator agrees to deliver the Records to Reinsurer on the Closing Date without charge. Reinsurer agrees that after delivery, the Liquidator, the Participating Associations, and NOLHGA shall be entitled, at any reasonable time, to inspect, audit, and copy any and all Records and all other records and files of Reinsurer relating to the Transferred Policies. Reinsurer also agrees that the Liquidator may retain the originals of any Records necessary to pursue claims against third parties until the claims are tried and a final nonappealable judgment is obtained or the claims are otherwise settled, but Reinsurer shall be entitled to receive copies of such Records.

Section 8.2 Delivery. Any and all Records coming into the possession of the Company, the Liquidator, the Participating Associations or NOLHGA after the Closing Date shall be delivered to Reinsurer without charge.

Section 8.3 No Representation or Warranty. The Liquidator, NOLHGA and the Participating Associations make no warranties or representations that the Records are accurate or complete and, except as set forth in Section 2.6 as to the Company, neither the Company nor NOLHGA nor the Participating Associations shall have any liability whatsoever for any error contained therein. Reinsurer acknowledges that in entering into this Agreement it is not relying upon any representation and/or warranty made by the Liquidator, NOLHGA or any of the Participating Associations with respect to the accuracy or completeness of the Records.

Article IX

Commissions

NOLHGA, the Participating Associations and Reinsurer do not assume hereby any legal obligation of the Company with respect to commissions, policy fees, service fees, and/or producer compensation under third-party, independent contractor, producer, agent or broker commission contracts or administrative contracts between the Company and third persons in connection with the Transferred Policies or administration for the Transferred Policies ("Commissions").

Article X

Litigation

If any court of competent jurisdiction enjoins or otherwise orders or decrees (preliminarily or otherwise) that the Company, NOLHGA, a Participating Association or the Reinsurer shall not perform any or all of its obligations under this Agreement, the other parties shall be relieved from performing any of their respective obligations hereunder, for however long as the injunction, order, or decree is in effect, to the extent that performance of any obligation would violate the injunction, order, or decree. The parties, including the party against which the injunction, order, or decree is entered, shall make all reasonable efforts, each at its own expense or pro rata if joint action is taken, to have the injunction, order, or decree dissolved and set aside. If the injunction, order or decree enjoins a party from performing one or more of its material obligations hereunder, and if such injunction, order or decree is not set aside or dissolved within 45 days of its issuance, then a party for whose benefit the enjoined obligations were to be performed may terminate its future performance obligations under the Agreement to the extent they are for the benefit of the enjoined party, and upon such termination, the enjoined party shall be released from its future performance obligations under the Agreement to the extent they are for the benefit of the terminating party.

Article XI

Termination

Section 11.1 Duration. Except as otherwise provided in Article X, this Article XI, or by a written agreement signed by the Company, NOLHGA and Reinsurer, none of the parties may terminate this Agreement, which shall remain in full force and effect until all of the liabilities reinsured and assumed hereunder have been discharged or have otherwise expired.

Section 11.2 Failure to Satisfy Conditions Precedent. The Company, NOLHGA and Reinsurer may terminate this Agreement by giving written notice to each other if any condition precedent to their respective obligations set forth in Section 16.2 is not satisfied or waived within 180 days following the Contract Date. NOLHGA may also terminate this Agreement on behalf of the Participating Associations if any condition precedent to the Participating Associations' obligations set forth in Section 16.2 is not satisfied or waived within 180 days following the Contract Date.

Article XII

Representations and Warranties of the Company

The Liquidator, on behalf of the Company, represents and warrants that:

Section 12.1 Organization and Standing. The Company is duly incorporated and validly existing under the laws of the State of Missouri, but subject to the supervision of the Court under Mo. Rev. Stat. §§ 375.1150 to 375.1246. The Company was prior to April 1, 2010, duly qualified and licensed to transact insurance business in Missouri and all other jurisdictions in which the Policies were originally issued.

Section 12.2 Validity. Subject to the approval by the Court as contemplated by Section 16.2(a), this Agreement is a valid and binding obligation of the Company and of the Liquidator. The Liquidator has been duly appointed by the Court and is authorized to execute this Agreement under applicable Missouri law.

Section 12.3 Survival of Representations and Warranties. The representations and warranties of the Company contained in this Article XII and elsewhere in this Agreement shall survive for a period of one year after the Closing Date.

Section 12.4 Third Party Reinsurance. The Transferred Policies are not subject to any reinsurance or other risk sharing arrangement.

Article XIII

Representations and Warranties of NOLHGA and the Participating Associations

Section 13.1 NOLHGA's Representations and Warranties. NOLHGA hereby represents and warrants that:

(a) Membership. The membership of NOLHGA includes those life and health insurance guaranty associations set forth in Exhibit E which are Affected Guaranty Associations. NOLHGA is duly organized, validly existing and in good standing as a non-stock corporation under the laws of Virginia.

(b) Authority. NOLHGA has all requisite power and authority necessary to execute and participate in this Agreement and to consummate the transactions contemplated by this Agreement and perform its obligations under this Agreement.

(c) Validity. This Agreement is a legal, valid and binding obligation of NOLHGA, enforceable against it in accordance with its terms.

(d) Survival. The representations and warranties of NOLHGA contained in this Section 13.1 shall survive for a period of one year after the Closing Date.

Section 13.2 Participating Associations' Representations and Warranties. Each Participating Association hereby represents and warrants as to itself, but as to no other Participating Association, that:

(a) Membership. The Participating Association is a member of NOLHGA and is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation.

(b) Authority. The Participating Association has all requisite power and authority necessary to execute and participate in this Agreement and to consummate the transactions contemplated by this Agreement and perform its respective obligations under this Agreement.

(c) Validity. This Agreement and any promissory note of the Participating Association issued in connection therewith are legal, valid and binding obligations of the Participating Association, enforceable against the Participating Association in accordance with their terms.

(d) Survival. The representations and warranties of the Participating Associations contained in this Section 13.2 shall survive for a period of one year from the Closing Date.

Article XIV

Representations and Warranties of Reinsurer

Reinsurer hereby represents and warrants that:

Section 14.1 Organization and Existence. Reinsurer is a Texas domiciled life insurance company which is (a) duly incorporated, validly existing, and in good standing under the corporate and insurance laws of the State of Texas, and (b) licensed in all jurisdictions where National States was licensed and there is an Affected Guaranty Association. Reinsurer has all requisite corporate power and authority to carry on its business as it is now being conducted, and to own, lease, and operate its properties.

Section 14.2 Corporate Authority. The execution of this Agreement and the consummation of the transactions contemplated by this Agreement have been approved by all necessary corporate action.

Section 14.3 Qualification and Power. Reinsurer is duly qualified and in good standing to do business in every jurisdiction in which such qualification is necessary because of the nature of its business or of the properties owned, leased, or operated by it.

Section 14.4 Validity; No Violation. This Agreement is a legal, valid and binding obligation of Reinsurer, enforceable against it in accordance with its terms and conditions. Neither the execution and delivery of this Agreement, nor Reinsurer's compliance with any of the provisions of this Agreement, will:

- (a) conflict with or result in a breach of any provision of the Articles of Incorporation or Bylaws of Reinsurer, or result in a default (or give rise to any right of termination, cancellation, or acceleration) under any of the terms, conditions, or provisions of any note, lien, bond, mortgage, indenture, license, lease, agreement, consent order, or other instrument or obligation to which Reinsurer is a party or by which it may be bound;
- (b) violate any judgment, order, writ, injunction, or decree of any court, administrative agency, or governmental body applicable to Reinsurer or to any of its properties or assets;
- (c) cause, or give any person grounds to cause (with or without notice, the passage of time, or both), the maturity of any liability of Reinsurer to be accelerated or increased; or
- (d) conflict with or result in a violation of any applicable state insurance law or regulation.

Section 14.5 Financial Statements. True and complete copies of Reinsurer's (a) most recent quarterly financial statement, as certified by the President and Chief Financial Officer of Reinsurer, (b) most recent National Association of Insurance Commissioners Annual Statement, as filed with the various state insurance commissioners and (c) 2011 year-end audited financial

statements (collectively, the "Financial Statements") have been provided by Reinsurer to the Liquidator and to NOLHGA. The Financial Statements have been prepared in accordance with the accounting practices prescribed or permitted by the Texas Department of Insurance and the National Association of Insurance Commissioners in a manner consistent with prior periods and fairly present the financial results of Reinsurer's operations for the periods ended on the dates indicated.

Section 14.6 Absence of Undisclosed Liabilities. Except for liabilities and obligations in the ordinary course of Reinsurer's business that are not material to its business or financial condition, Reinsurer has no liabilities or obligations of any nature (matured or unmatured, fixed or contingent) that are not provided for in the Financial Statements. All reserves established by Reinsurer and set forth in the Financial Statements are adequate to the best of Reinsurer's knowledge.

Section 14.7 No Material Change. There has been no material adverse change to the financial condition of Reinsurer since the preparation of the Financial Statements.

Section 14.8 Survival of Representations and Warranties. The representations and warranties of Reinsurer contained in this Article XIV and elsewhere in this Agreement shall survive for a period of one year from the Closing Date.

Article XV

Approvals

Section 15.1 Regulatory Approvals. Within 20 days after the Contract Date, Reinsurer shall file, to the extent required by law, a copy of the Assumption Certificate described in Section 3.1 and a copy of this Agreement with the Department of Insurance in each jurisdiction where the Company was licensed and there is an Affected Guaranty Association. If a Department of Insurance in any such jurisdiction advises the parties prior to Closing that the Department's approval of the Assumption Certificate is required by the law of the Department's jurisdiction and that the Department has disapproved the Assumption Certificate, the Policies affected by the disapproval shall not be reinsured or assumed by Reinsurer as of the Effective Date except as provided in this Section 15.1. The parties shall cooperate in their efforts to obtain such Department's approval upon terms acceptable to Reinsurer, the Liquidator, NOLHGA and the Participating Associations by (i) Closing, or (ii) 30 days after receipt of the notice of disapproval, whichever is later. If such approval is obtained, the affected Policies shall be transferred to Reinsurer as of the Effective Date. If such approval is not obtained, the Covered Obligations under the affected Policies shall be transferred to the Participating Association in that jurisdiction. If a Department of Insurance in any jurisdiction where holders of Transferred Policies reside advises Reinsurer after Closing that Department approval of the Assumption Certificate is required by the law of that jurisdiction and that the Department has disapproved the Assumption Certificate, the parties shall cooperate in an effort to obtain the necessary approval. If, however, Department of Insurance approval upon terms acceptable to Reinsurer, the Liquidator, NOLHGA and the Participating Associations is not obtained within 30 days after receipt of the Department's notice of disapproval, then Reinsurer may transfer the Transferred Policies in that jurisdiction to the Participating Association and any Guaranty Assets allocable to

those Policies as described in Section 4.1 of this Agreement. If any payment is due Reinsurer in accordance with Section 4.1 of this Agreement, such payment shall be made by the applicable Participating Association.

Section 15.2 Cooperation. The parties shall assist and cooperate with each other by making all reasonable efforts to seek and obtain the foregoing and any other approvals the Company, NOLHGA and Reinsurer agree are necessary or advisable. Any expenses in connection with such approvals shall be borne by Reinsurer.

Article XVI

Closing

Section 16.1 Time and Location. The closing of the transactions contemplated by this Agreement ("Closing") shall take place at 10:00 a.m. Central Standard Time on November 30, 2012, assuming the Conditions Precedent to Closing listed in Section 16.2 have been satisfied or been waived, at the offices of the Company, or at such other date, time, and location as the Company, NOLHGA and Reinsurer shall all agree ("Closing Date").

Section 16.2 Conditions Precedent to Closing. The respective obligations of the parties to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions in addition to any conditions elsewhere specified in this Agreement. The Company, NOLHGA (on its own behalf and on behalf of any Participating Association) and Reinsurer may waive in writing any or all of these conditions in whole or in part, but no waiver of a condition will constitute a waiver by that party of any other condition. The closing of the transactions contemplated by this Agreement will be deemed a waiver of the preconditions by the parties.

(a) The Court shall have entered an Order in a form reasonably satisfactory to Reinsurer and NOLHGA that (i) approves the terms and conditions of and the transactions contemplated by this Agreement, (ii) acknowledges that NOLHGA, the Participating Associations and Reinsurer have no obligation to pay Commissions in connection with the Transferred Policies, as provided in Article IX, and (iii) limits the liability of Reinsurer pursuant to Section 2.2 of this Agreement.

(b) All representations and warranties made by any party in this Agreement shall be true and correct in all material respects as of the Closing Date as if made at the Closing, except for changes in the usual and ordinary course of business that, individually or in the aggregate, do not affect materially the financial condition, business, or prospects of the party that made the representation or warranty that has changed. No party may avoid its obligations under this Agreement by asserting that its own representations and warranties are not true and correct in all material respects as of the Closing Date.

(c) There shall not exist any temporary restraining order, preliminary or permanent injunction, final judgment, law, or regulation prohibiting the consummation of this Agreement or, to the knowledge of any party, any pending litigation by any governmental authority or private party prohibiting or seeking to prohibit the consummation of this Agreement.

(d) All obligations of the parties hereunder to be performed on or before the Closing Date shall have been performed.

(e) NOLHGA has certified to the Liquidator and Reinsurer which of the Affected Guaranty Associations have agreed to become Participating Associations and are bound by the terms and conditions of this Agreement in a form substantially similar to Exhibit F.

Section 16.3 Deliveries of Reinsurer. At the Closing, Reinsurer shall deliver or cause to be delivered the following:

(a) A certificate executed by the President and Chief Financial Officer of Reinsurer (or other authorized officers) that the representations and warranties of Reinsurer as set forth in this Agreement are true and correct as of the Closing Date and that there has been no material adverse change in the financial condition of Reinsurer since the Contract Date.

(b) Copies of corporate resolutions authorizing the execution, delivery, and performance of this Agreement by Reinsurer, certified by the Secretary or an Assistant Secretary of Reinsurer.

(c) The most recent quarterly financial statement of Reinsurer, as filed with the Texas Department of Insurance, and 2011 year-end audited financial statements of Reinsurer.

(d) Any payment due the Participating Associations calculated in accordance with Exhibit A-2, as revised or adjusted pursuant to this Agreement.

Section 16.4 Deliveries of NOLHGA and the Participating Associations. At the Closing, NOLHGA and the Participating Associations shall, as appropriate, deliver or cause to be delivered the following:

(a) Any Guaranty Assets due Reinsurer calculated in accordance with Exhibit A-2, as revised or adjusted pursuant to this Agreement.

(b) A certificate of an authorized officer of NOLHGA that all representations and warranties of NOLHGA as set forth in this Agreement are true and correct in all material respects as of the Closing Date.

(c) A preliminary listing of the Transferred Policies, which are being reinsured and assumed by Reinsurer, in the form of Exhibit G. Such Exhibit G shall be updated and a final Exhibit G will be delivered as part of the Final Accounting under Section 6.2 of this Agreement.

(d) A certified copy of NOLHGA's Rules and Procedures of the Members' Participation Council in effect as of the date of this Agreement and the Effective Date.

(e) A certificate of an authorized officer of NOLHGA that identifies all Participating Associations and that such Participating Associations are bound by the terms and conditions of this Agreement in a form substantially similar to Exhibit F.

Section 16.5 Deliveries of the Company. At the Closing, the Company shall deliver or cause to be delivered a final Order of the Court, in a form reasonably acceptable to Reinsurer and NOLHGA, approving the terms and conditions of this Agreement, as contemplated by Section 16.2(a).

Article XVII

Miscellaneous Provisions

Section 17.1 Amendment. This Agreement may be amended only by a writing executed by the Company, NOLHGA and Reinsurer. Notwithstanding the foregoing, each Participating Association shall have the right to approve any amendment which NOLHGA determines is reasonably expected to have a material impact on the rights or obligations of the Participating Association.

Section 17.2 Appointment of NOLHGA. Each Participating Association hereby authorizes NOLHGA to act as the agent of such Participating Association for purposes of receiving all notices required or permitted to be given under this Agreement and to execute this Agreement and any ancillary agreements necessary to implement this Agreement. Each Participating Association also hereby authorizes NOLHGA to negotiate on behalf of and bind the Participating Association to modifications and amendments to this Agreement; except each Participating Association shall have the right to approve any modification or amendment which NOLHGA determines is reasonably expected to have a material impact on the rights or obligations of the Participating Association.

Section 17.3 Assignment. No party may assign this Agreement or any of its rights, interests, or obligations hereunder without the prior written consent of the Company, NOLHGA and Reinsurer.

Section 17.4 Broker Fees. Each party hereby represents and warrants that it has not taken any action that would impose on any other party hereto liability for payment of any broker, finder, or similar fee in connection with the origin, negotiation, execution, or performance of this Agreement.

Section 17.5 Cooperation. The parties agree that they will from time to time, upon the request of any other party and without further consideration, execute, acknowledge, and deliver in proper form any further instruments and take such other action as may be required to carry out effectively the intent of this Agreement and the orderly transfer of administration of the Transferred Policies.

Section 17.6 Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 17.7 Entire Agreement; Merger. This Agreement constitutes the entire understanding of the parties pertaining to the subject matter contained in this Agreement and supersedes all prior oral and written agreements, representations, and understandings of the parties.

Section 17.8 Exhibits. All Exhibits are hereby incorporated by reference into this Agreement as if they were set forth at length in the text of this Agreement.

Section 17.9 Expenses. Each party shall pay all of its own costs, fees, and expenses incurred or to be incurred in negotiating and preparing this Agreement and in closing and carrying out the transactions contemplated by this Agreement; provided, however, that the expenses of NOLHGA and the Participating Associations shall be treated by the Liquidator of the Company as administrative expenses under Mo. Rev. Stat. § 375.1218.2.

Section 17.10 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Missouri notwithstanding any state's choice of law rules to the contrary provided, however, that any application or interpretation of a governing statute of a Participating Association shall be made in accordance with the laws of the state of that Participating Association solely by a court of that state.

Section 17.11 Headings. The captions and headings of the articles and sections of this Agreement are included for purposes of convenient reference only and shall not affect the construction or interpretation of this Agreement.

Section 17.12 Jurisdiction. Subject to Section 17.10, each party hereby consents to the exclusive jurisdiction of the Court to resolve any and all disputes among the parties arising out of or related, directly or indirectly, to this Agreement or any of the transactions contemplated hereby, and further covenants not to sue any other party in connection with such a dispute except in the Court. The parties further agree that service of process shall be effective if sent by certified or registered mail, return receipt requested, to the addresses shown in Section 17.13 of this Agreement.

Section 17.13 Notices. Any notice made pursuant to this Agreement shall be in writing and shall be deemed to have been duly given on the date of delivery, if delivered personally or by facsimile transmission; on the day after transmittal, if sent by overnight delivery service; or on the third day after mailing, if mailed by certified mail, return receipt requested. Any notice must be properly addressed as follows:

(i) The Company and/or the Liquidator:

Bruce E. Baty
Special Deputy Liquidator
National States Insurance Company in Liquidation
1830 Craig Park Court – Suite 100
St. Louis, MO 63146

Copy to: Jodi M. Adolf
SNR Denton US LLP
4520 Main Street
Suite 1100
Kansas City, MO 64111

(ii) NOLHGA:

Paul A. Peterson
Vice President, Accounting and Finance
National Organization of Life and
Health Insurance Guaranty Associations
13873 Park Center Road, Suite 329
Herndon, VA 20171

Copy to: Richard T. Freije, Jr.
Faegre Baker Daniels LLP
300 North Meridian Street
Suite 2700
Indianapolis, IN 46204

(iii) Participating Associations:

To the addresses shown on Exhibit E.

(iv) Reinsurer:

Dan George
President and Treasurer
Family Life Insurance Company
2727 Allen Parkway, Fifth Floor
Houston, TX 77019

Copy to: John McGettigan
Senior VP and General Counsel
Family Life Insurance Company
2727 Allen Parkway, Fifth Floor
Houston, TX 77019

Any party to this Agreement may change the address to which notice is to be delivered under this Section 17.13 by delivering written notice to that effect to the Company, NOLHGA and Reinsurer, as appropriate, in accordance with this Section 17.13.

Section 17.14 Severability. In the event that any provision or term of this Agreement shall be held by any court to be invalid, illegal or unenforceable, all the other provisions and terms shall remain in full force and effect to the extent that their continuance is practicable and

consistent with the original intent of the parties. In addition, if provisions or terms are held invalid, illegal or unenforceable, the parties will attempt in good faith to renegotiate this Agreement to carry out its original intent.

Section 17.15 Successors. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. All parties acknowledge that the Liquidator may apply to the Court for a discharge in accordance with Mo. Rev. Stat. § 375.1225 and that any obligations of the Liquidator under this Agreement shall cease upon such discharge.

Section 17.16 Waiver of Compliance. The party for whose benefit a warranty, representation, covenant, or condition is intended may in writing waive any inaccuracies in the warranties and representations contained in this Agreement or waive compliance with any of the covenants or conditions contained herein and so waive performance of any of the obligations of the other parties and any defaults under this Agreement. A waiver shall not affect or impair, however, the waiving party's rights with respect to any other warranty, representation, or covenant or any default hereunder not specifically waived, nor shall any waiver constitute a continuing waiver. Notwithstanding the foregoing, only NOLHGA shall be required to give any such waiver on behalf of any or all Participating Associations.

Section 17.17 Assignment; Assumption Reinsurance. Without the prior written consent of the Liquidator, the Missouri Director, Department of Insurance, Financial Institutions and Professional Registration and NOLHGA during the three-year period commencing on the Closing Date, Reinsurer may not assign any or all of the Transferred Policies or enter into an assumption reinsurance agreement with respect to any or all of the Transferred Policies.

Section 17.18 No Third Party Beneficiaries. Nothing contained herein, express or implied, is intended to confer any rights or remedies on any persons other than the parties to this Agreement. In addition, nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third party to any party to this Agreement.

Section 17.19 Hart-Scott-Rodino. The Company, Reinsurer and NOLHGA have determined that no notification is required under the Hart-Scott-Rodino Antitrust Improvement Act, 15 U.S.C. § 18a. In the event the parties mutually later determine that a notification under such Act is required to be made, the parties will further cooperate to prepare and file the necessary notifications.

Section 17.20 Policyholder Communications. In addition to the requirements of Section 3.2, through and including the Closing Date, each of the parties shall obtain prior approval of the other parties, which approval shall not be unreasonably delayed or withheld, with respect to any communications with a substantial portion of the holders of the Transferred Policies. If a party seeks such approval from the other parties and the other parties do not disapprove of such proposed communication within 15 days, the communication is deemed approved. This Section 17.20 shall not preclude any party's communication with the Court, communications from the Liquidator in the performance of the Liquidator's duties, or response to a request by any holder of a Policy for the verification of records or data concerning such person's Policy.

IN WITNESS WHEREOF, the Company, NOLHGA and Reinsurer have caused their duly authorized representatives to execute this Agreement as of the date above noted in the first paragraph hereof.

NATIONAL STATES INSURANCE
COMPANY in Liquidation

By: _____
Bruce E. Baty, Special Deputy
Liquidator

NATIONAL ORGANIZATION OF
LIFE AND HEALTH INSURANCE
GUARANTY ASSOCIATIONS

By: _____
Peter G. Gallanis, President

FAMILY LIFE INSURANCE
COMPANY

By: _____
Daniel George, President

Exhibit A-1 - List of Policies
National States Insurance Company
Other Health Policies
Preliminary As of 6/30/2012
Subject to Change as of Effective Date

Policy Number

AC 10033798
AC 10058706
ACC10699090
ACC10699092
ACC10719783
ACC10721067
ACC10721068
ACC10729153
ACC10743738
ACC10744217
ACC10745657
ACC10746718
ACC10751152
ACC10752756
ACC10759792
ACC10767859
ACC10771487
ACC10773184
ACC10775099
ACC10775745
ACC10775746
ACC10775747
ACC10775748
ACC10777039
ACC10777040
ACC10782936
ACC10783146
ACC10787554
ACC10788684
ACC10789022

Note: Only the first 30 policies are shown for illustrative policies. A complete listing is provided on an electronic version of this exhibit

Exhibit A-2
Calculation of Funds To Be Transferred
National States Insurance Company
Other Health Policies
Preliminary As of 6/30/2012 - Subject to Change as of Effective Date

<u>GA State</u>	<u>Policy Count</u>	<u>Annual Premium</u>	<u>Reserve Transfer</u>	<u>Ceding Allowance</u>	<u>Guaranty Assets</u>
AL	10	\$5,901.00	\$6,113.13	\$1,297.90	\$4,815.23
AZ	145	\$46,845.84	\$48,529.88	\$10,303.58	\$38,226.30
AR	19	\$12,797.00	\$13,257.03	\$2,814.66	\$10,442.38
CO	130	\$39,460.41	\$40,878.96	\$8,679.18	\$32,199.77
FL	342	\$309,618.22	\$320,748.55	\$68,099.48	\$252,649.07
GA	37	\$28,790.00	\$29,824.96	\$6,332.26	\$23,492.70
ID	211	\$54,783.76	\$56,753.16	\$12,049.50	\$44,703.66
IL	179	\$108,330.75	\$112,225.09	\$23,826.98	\$88,398.10
IN	69	\$70,057.84	\$72,576.32	\$15,408.98	\$57,167.33
IA	79	\$33,673.29	\$34,883.80	\$7,406.33	\$27,477.47
KS	13	\$16,944.54	\$17,553.67	\$3,726.89	\$13,826.78
KY	231	\$211,690.25	\$219,300.21	\$46,560.55	\$172,739.66
LA	30	\$32,940.89	\$34,125.07	\$7,245.24	\$26,879.83
MD	2	\$859.30	\$890.19	\$189.00	\$701.19
MI	18	\$9,768.00	\$10,119.15	\$2,148.44	\$7,970.71
MN	6	\$9,401.00	\$9,738.95	\$2,067.72	\$7,671.23
MS	9	\$11,321.00	\$11,727.97	\$2,490.02	\$9,237.96
MO	366	\$167,095.03	\$173,101.86	\$36,751.99	\$136,349.87
MT	78	\$36,897.53	\$38,223.94	\$8,115.49	\$30,108.46
NE	90	\$88,112.00	\$91,279.50	\$19,379.94	\$71,899.56
NV	11	\$9,920.00	\$10,276.61	\$2,181.87	\$8,094.74
NM	3	\$2,198.00	\$2,277.01	\$483.44	\$1,793.57
NC	158	\$91,089.12	\$94,363.64	\$20,034.74	\$74,328.90
ND	1	\$3,426.00	\$3,549.16	\$753.54	\$2,795.62
OH	151	\$173,960.00	\$180,213.61	\$38,261.91	\$141,951.70
OK	25	\$16,141.87	\$16,722.15	\$3,550.35	\$13,171.80
OR	41	\$18,643.58	\$19,313.79	\$4,100.59	\$15,213.20
PA	37	\$33,753.00	\$34,966.37	\$7,423.86	\$27,542.51
SC	46	\$22,735.14	\$23,552.44	\$5,000.52	\$18,551.92
SD	12	\$9,531.00	\$9,873.63	\$2,096.31	\$7,777.31
TN	65	\$62,973.14	\$65,236.93	\$13,850.73	\$51,386.21
TX	221	\$94,871.08	\$98,281.56	\$20,866.57	\$77,414.99
UT	17	\$3,359.54	\$3,480.31	\$738.92	\$2,741.39
VA	31	\$39,549.00	\$40,970.73	\$8,698.67	\$32,272.06
WA	114	\$53,132.66	\$55,042.70	\$11,686.35	\$43,356.35
WV	3	\$2,925.00	\$3,030.15	\$643.34	\$2,386.81
<u>WI</u>	<u>82</u>	<u>\$30,216.10</u>	<u>\$31,302.33</u>	<u>\$6,645.93</u>	<u>\$24,656.40</u>
Total	3,082	\$1,963,711.88	\$2,034,304.51	\$431,911.79	\$1,602,392.72

Exhibit B

**Family Life Insurance Company
10777 Northwest Freeway
Houston, TX 77019**

«NAME»

«ADDRESS»

«CITY_STATE_ZIP»

«POLICY NUMBER»

CERTIFICATE OF ASSUMPTION

This is to certify that Family Life Insurance Company ("Family Life"), a Texas life insurance company, pursuant to an Assumption Reinsurance Agreement ("Agreement") by and among National States Insurance Company, In Liquidation, and the National Organization of Life and Health Insurance Guaranty Associations, and Participating State Life and Health Insurance Guaranty Associations and Family Life, hereby assumes as of 12:01 A.M. CST on December 1, 2012 ("Effective Date") all of the contractual obligations under the above-numbered policy originally issued by National States Insurance Company (the "Policy"). Family Life assumes the contractual obligations under the subject Policy, subject to (i) all the terms and conditions contained in the Policy, (ii) any defenses and offsets available to Family Life, (iii) the terms and conditions set forth in the Agreement and this Certificate of Assumption, which will become part of the Policy and (iv) the final Order entered by Circuit Court of Cole County in the State of Missouri (Case No.: 10AC-CC00219) approving the terms and conditions of the Agreement and this Certificate of Assumption.

Family Life is not responsible for any act, error or omission of National States Insurance Company or any third party in connection with the Policy prior to the Effective Date.

From and after the date hereof, you should submit all claims under this Policy, whenever incurred, and all premiums due under this Policy, to Family Life Insurance Company at the following address:

**FAMILY LIFE INSURANCE COMPANY
10777 Northwest Freeway
Houston, TX 77019
Phone: 713-529-0045
Toll Free: 1-800-669-9030**

IN WITNESS WHEREOF, FAMILY LIFE has caused this Certificate to be executed at its Home Office in Houston, Texas, by its President as of the first day of <<**December 2012**>>, its effective date.

Mary Lou Rainey

Mary Lou Rainey, Secretary

Dan George

Dan George, President

PLEASE ATTACH THIS CERTIFICATE TO YOUR POLICY

Exhibit C

PROMISSORY NOTE

\$ _____, 20__

For Value Received, the undersigned _____ Association ("Maker"), promises to pay to the order of _____ ("Holder") the principal sum of _____ Dollars (\$ _____), with interest on the balance of the principal remaining unpaid from time to time at the rate of _____ [rate of a one year Treasury Note plus 100 basis points] percent (_____%) per annum until such principal is paid.

1. Payment of principal and interest shall be made as follows:

(a) The entire balance of unpaid principal and all accrued and unpaid interest calculated from the Closing Date shall be due and payable one year after the Closing Date on _____, 2013.

(b) Payment shall be made to Holder at _____, or at such other address as Holder shall designate.

2. Failure by Maker to pay or perform any of its obligations under this Promissory Note shall be a default hereunder and under the Assumption Reinsurance Agreement dated _____ among _____. Notwithstanding any other provisions of this Promissory Note, if Maker fails to make a payment of principal or interest (the "Default Amount") when due and does not cure such failure within _____ business days of receiving written notice of such failure from Holder, then the Covered Obligations (as that term is defined in the Assumption Reinsurance Agreement) as to which this Promissory Note was made shall be reduced by the principal amount of such Default Amount. The Default Amount shall revert back and be a direct liability of Maker to the holder of a Transferred Policy, and this Promissory Note shall be deemed reduced, without further action on the part of Maker or Holder by the Default Amount and with (a) appropriate revisions and adjustments made in accordance with Article IV and Section 6.2 of the Assumption Reinsurance Agreement, and (b) appropriate notification by Holder to each holder of a Transferred Policy.

3. Maker waives presentment for payment, protest and demand, notice of protest, demand and of dishonor and nonpayment of this Promissory Note, and consents that Holder may extend the time of payment or otherwise modify the terms of payment of any part of the whole of the debt evidenced by this Promissory Note, at the request of any person liable hereon, and such consent shall not alter nor diminish the liability of any person.

4. Maker agrees to pay all costs of collection, including reasonable attorneys' fees, in case the principal of this Promissory Note or any payment on the principal or any interest thereon is not paid at the respective maturity, thereof.

5. Maker reserves the right to prepay this Promissory Note in full or in part at any time without any premium or penalty. Any such prepayment shall be applied first to interest, then to reduce the principal balance.

6. This Promissory Note shall be construed under the laws of the State of _____[Insert Maker's State].

7. The covenants of Maker and Holder contained in this Promissory Note shall be binding upon and inure to the benefit of their respective successors and assigns.

IN WITNESS WHEREOF, the undersigned Maker has caused this Promissory Note to be executed the day and year first above written.

_____ Association
"MAKER"

By: _____

Its: _____

Exhibit D
Adjustments to Payments as of the Effective Date
National States Insurance Company
Other Health Policies

	Actual <u>12/31/2011</u>	Actual <u>6/30/2012</u>	Projection <u>11/30/2012</u>	Actual <u>11/30/2012</u>	<u>Difference</u>
Policy Count	3,513	3,082	2,728		
Annual Premium	\$2,273,279	\$1,963,712	\$1,738,196		
Termination Rate (Monthly)		2.4%			
Reserve Transfer	\$2,355,000	\$2,034,305	\$1,800,681		
Ceding Allowance	\$500,000	\$431,912	\$382,310		
Guaranty Assets	\$1,855,000	\$1,602,393	\$1,418,371		

Exhibit E

LIST OF AFFECTED GUARANTY ASSOCIATIONS

**Alabama Life & Disability Insurance
Guaranty Association**

Dotty S. Carley
Executive Director
6 Office Park Circle, Suite 200
Birmingham, AL 35223
Phone: 205.879.2202
Fax: 205.879.2292
Email: dcarley@bellsouth.net

**Arizona Life & Disability Insurance
Guaranty Fund**

Michael E. Surguine
Executive Director
1110 West Washington Avenue, Suite 270
Phoenix, AZ 85007
Phone: 602.364.3863
Fax: 602.364.3872
Email: msurguine@azinsurance.gov

**Arkansas Life and Health Insurance
Guaranty Association**

Allan W. Horne, Esq.
Administrator & Legal Counsel
Dover Dixon Horne PLLC
425 West Capitol Avenue, Suite 3700
Little Rock, AR 72201
Phone: 501.375.9151
Fax: 501.375.6484
Email: ahorne@ddh-ar.com

**Colorado Life & Health Insurance Protection
Association**

Jamie Kelldorf
Administrator
PO Box 36009
Denver, CO 80236
Phone: 303.292.5022
Fax: 303.292.4663
Email: jkelldorf@aol.com

**Florida Life & Health Insurance Guaranty
Association**

William E. Falck, Esq.
Executive Director & General Counsel
3740 Beach Boulevard, Suite 201-A
Jacksonville, FL 32207-3877
Phone: 904.398.3644
Fax: 904.398.4474
Email: wef@wfalcklaw.com

**Georgia Life & Health Insurance Guaranty
Association**

Michael C. Marchman
Executive Director
2177 Flintstone Drive, Suite R
Tucker, GA 30084
Phone: 770.621.9835 x212
Fax: 770.938.3296
Email: mmarchman@gaiga.org

**Idaho Life & Health Insurance Guaranty
Association**

Candie Kinch, Executive Director
3355 N Five Mile Road, #210
Boise, ID 83713
Phone: 208.378.9510
Fax: 208.968.0206
Email: ckinch@idlifega.org

**Illinois Life & Health Insurance Guaranty
Association**

Daniel A. Orth, III, Esq., Acting Executive
Director
8420 W. Bryn Mawr Avenue, Suite 550
Chicago, IL 60631-3404
Phone: 773.714.8050
Fax: 773.714.8052
Email: dorth@ilhiga.org

**Indiana Life & Health Insurance Guaranty
Association**

Janis B. Funk, Esq.
Executive Director
8777 Purdue Road, Suite 360
Indianapolis, IN 46268
Phone: 317.692.0574
Fax: 317.264.2395
Email: jfunk@quadassoc.org

**Iowa Life & Health Insurance Guaranty
Association**

G. Thomas Sullivan
Nyemaster, Goode, West, Hansell & O'Brien
700 Walnut, Suite 1600
Des Moines, IA 50309
Phone: 515.283.3126
Fax: 515.283.8018
Email: gtsullivan@nyemaster.com

Kansas Life & Health Insurance Guaranty Association

Linda Becker
Administrator
2909 S.W. Maupin Lane
Topeka, KS 66614-5335
Phone: 785.271.1199
Fax: 785.272.0242
Email: ksguaranty@sbcglobal.net

Kentucky Life & Health Insurance Guaranty Association

Thomas E. Peterson
Executive Director
4010 Dupont Circle, Suite 232
Louisville, KY 40207
Phone: 502.895.5915
Fax: 502.895.6543
Email: guarantymn@aol.com

Louisiana Life & Health Insurance Guaranty Association

Phyllis Perron
Executive Director
450 Laurel Street
Suite 1400
Baton Rouge, LA 70801
Phone: 225.381.0656
Fax: 225.344.1132
Email: pperron@pperron.com

Maryland Life & Health Insurance Guaranty Corporation

John S. Boritas
Executive Director
9199 Reisterstown Road, Suite 216-C
Owings Mills, MD 21117-0650
Phone: 410.998.3907
Fax: 410.998.3909
Email: lhigcmd@verizon.net

Michigan Life & Health Insurance Guaranty Association

John C. Colpean, Esq.
Administrator & General Counsel
1640 Haslett Road, Suite 160
Haslett, MI 48840-8683
Phone: 517.339.1755
Fax: 517.339.5500
Email: jcolpean@milifega.org

Minnesota Life & Health Insurance Guaranty Association

Gerald C. Backhaus
Executive Director
4760 White Bear Parkway
Suite 101
White Bear Lake, MN 55110
Phone: 651.407.3149
Fax: 651.407.3150
Email: GCB@mnlifega.org

Mississippi Life & Health Insurance Guaranty Association

Gordon B. Haydel
Executive Director
PO Box 4562
Jackson, MS 39296
Phone: 601.981.3471
Fax: 601.362.9544
Email: rusdale@aol.com

Missouri Life & Health Insurance Guaranty Association

Charles Renn
Executive Director
994 Diamond Ridge, Suite 102
Jefferson City, MO 65109
Phone: 573.634.8455
Fax: 573.634.8488
Email: crenn@mo-iga.org

Montana Life & Health Insurance Guaranty Association

Wilson D. Perry, Esq.
Executive Director
PO Box 951
Oconomowoc, WI 53066-0951
Phone: 262.965.5761
Email: gaminc@earthlink.net

Nebraska Life & Health Insurance Guaranty Association

Pam Olsen, Administrator
c/o Cline, Williams, Wright, Johnson & Oldfather
1900 US Bank Building
233 South 13th Street
Lincoln, NE 68508
Phone: 402.474.6900
Fax: 402.474.5393
Email: polsen@clinewilliams.com

Nevada Life & Health Insurance Guaranty Association

Lou Roggensack
Administrator
One East First Street, Suite 605
Reno, NV 89501
Phone: 775.329.6171
Fax: 775.323.4997
Email: nlhiga@sbcglobal.net

New Mexico Life Insurance Guaranty Association

Michael Batte
Administrator
PO Box 2880
Santa Fe, NM 87504-2880
Phone: 505.820.7355
Fax: 505.820.7356
Email: mbatte@qwestoffice.net

North Carolina Life & Health Insurance Guaranty Association

Lowell E. Miller, Executive Director
PO Box 10218
Raleigh, NC 27605-0218
Phone: 919.833.6838
Fax: 919.833.9576
Email: lmiller@nclifega.org

North Dakota Life & Health Insurance Guaranty Association

Gregory D. Morris
c/o Industrial Alliance Pacific Insurance & Financial Services, Inc.
17550 N. Perimeter Drive, Suite 210
Scottsdale, AZ 85255-0131
Phone: 480.473.5553
Fax: 480.563.0252
Email: gmorris@ndlifega.org

Ohio Life & Health Insurance Guaranty Association

Steve Durish
President
1840 Mackenzie Drive
Columbus, OH 43220
Phone: 614.442.6601
Fax: 614.442.0004
Email: sdurish@ohioga.com

Oklahoma Life & Health Insurance Guaranty Association

Horace G. Rhodes, Esq., Executive Director
c/o Kerr, Irvine, Rhodes & Ables
201 Robert S. Kerr Avenue, Suite 600
Oklahoma City, OK 73102
Phone: 405.272.9221
Fax: 405.236.3121
Email: oklhigajwr@aol.com

Oregon Life & Health Insurance Guaranty Association

Candie Kinch
Executive Director
3355 N. Five Mile Road, #210
Boise, ID 83713
Phone: 208.378.9510
Fax: 208.968.0206
Email: administrator@orlifega.org

Pennsylvania Life & Health Insurance Guaranty Association

Joseph J. Horvath
Executive Director
Radnor Station Building No. 2
290 King of Prussia Road, Suite 218
Radnor, PA 19087
Phone: 610.975.0572
Fax: 610.975.9348
Email: jhorvath5@verizon.net

South Carolina Life & Accident & Health Insurance Guaranty Association

Andrea H. Bowers, Administrator
PO Box 8625
Columbia, SC 29202
Phone: 803.276.0271
Fax: 803.782.4949
Email: sclahiga@aol.com

South Dakota Life & Health Insurance Guaranty Association

Charles D. Gullickson, Esq.
Executive Director & General Counsel
c/o Davenport, Evans, Hurwitz & Smith, L.L.P.
PO Box 1030
Sioux Falls, SD 57101-1030
Phone: 605.357.1270
Fax: 605.335.3639
Email: cgullickson@sdlifega.org

Tennessee Life & Health Insurance Guaranty Association

Dan H. Elrod, Esq.
Administrator
c/o Butler Snow
1200 One Nashville Place
150 4th Avenue North
Nashville, TN 37219-2433
Phone: 615.503.9102
Fax: 615.503.9101
Email: dan.elrod@butlersnow.com

Texas Life, Accident, Health & Hospital Service Insurance Guaranty Association

Bart A. Boles, Executive Director
515 Congress Avenue, Suite 1875
Austin, TX 78701
Phone: 512.476.5101
Fax: 512.472.1470
Email: bboles@txlifega.org

Utah Life & Health Insurance Guaranty Association

Ted D. Lewis, Esq.
Administrator
60 East South Temple, Suite 500
Salt Lake City, UT 84111
Phone: 801.320.9955
Email: tdlewis1@aol.com

Virginia Life, Accident & Sickness Insurance Guaranty Association

Margaret M. Parker, Executive Director
c/o APM Management Services, Inc.
8001 Franklin Farms Drive, Suite 235
Richmond, VA 23229
Phone: 804.282.2240
Fax: 804.282.1816
Email: apmparker@aol.com

Washington Life & Disability Insurance Guaranty Association

Michael N. O'Day
Executive Director
4771 E SR 3
Shelton, WA 98584
Phone: 360.426.6744
Fax: 360.426.2855
Email: wldiga@earthlink.net

West Virginia Life & Health Insurance Guaranty Association

Mauna Dailey
Administrator
Post Office Box 816
Huntington, WV 25712
Phone: 304.733.6904
Fax: 304.733.6905
Email: wvlhga@frontier.com

Wisconsin Insurance Security Fund

Randy Blumer
Executive Director
2820 Walton Commons West, Suite 135
Madison, WI 53718-6797
Phone: 608.242.9473
Fax: 608.242.9472
Email: Randy@wisf-madison.org

Exhibit F

NOLHGA CERTIFICATION OF PARTICIPATING ASSOCIATIONS

The National Organization of Life and Health Insurance Guaranty Associations ("NOLHGA") hereby certifies that, pursuant to NOLHGA's bylaws and Members' Participation Council Rules and Procedures, the following state life and health insurance guaranty associations have elected to participate in the Assumption Reinsurance Agreement entered into on _____, 2012, by and among NOLHGA, National States Insurance Company in Liquidation and Family Life Insurance Company and have, therefore, become Participating Associations and are bound by the terms and conditions of the Agreement:

NATIONAL ORGANIZATION OF
LIFE AND HEALTH INSURANCE
GUARANTY ASSOCIATIONS

Date _____

By _____
[Authorized Officer]

Exhibit G - List of Transferred Policies
National States Insurance Company
Other Health Policies

Preliminary As of 6/30/2012 - Subject to Change as of Effective Date

Policy Number	Form	GA State	Annual Premium	Reserve Transfer	Ceding Allowance	Guaranty Assets
AC 10033798	AC	KS	\$50.60	\$52.42	\$11.13	\$41.29
AC 10058706	AC	WI	\$67.10	\$69.51	\$14.76	\$54.75
ACC10699090	ACC	UT	\$100.00	\$103.59	\$21.99	\$81.60
ACC10699092	ACC	UT	\$100.00	\$103.59	\$21.99	\$81.60
ACC10719783	ACC	OR	\$101.00	\$104.63	\$22.21	\$82.42
ACC10721067	ACC	WI	\$100.00	\$103.59	\$21.99	\$81.60
ACC10721068	ACC	WI	\$100.00	\$103.59	\$21.99	\$81.60
ACC10729153	ACC	WI	\$100.00	\$103.59	\$21.99	\$81.60
ACC10743738	ACC	WA	\$100.00	\$103.59	\$21.99	\$81.60
ACC10744217	ACC	WI	\$100.00	\$103.59	\$21.99	\$81.60
ACC10745657	ACC	MS	\$100.00	\$103.59	\$21.99	\$81.60
ACC10746718	ACC	IL	\$100.00	\$103.59	\$21.99	\$81.60
ACC10751152	ACC	MS	\$100.00	\$103.59	\$21.99	\$81.60
ACC10752756	ACC	TX	\$100.00	\$103.59	\$21.99	\$81.60
ACC10759792	ACC	TX	\$100.00	\$103.59	\$21.99	\$81.60
ACC10767859	ACC	SC	\$100.00	\$103.59	\$21.99	\$81.60
ACC10771487	ACC	NC	\$100.00	\$103.59	\$21.99	\$81.60
ACC10773184	ACC	WI	\$100.00	\$103.59	\$21.99	\$81.60
ACC10775099	ACC	NC	\$100.00	\$103.59	\$21.99	\$81.60
ACC10775745	ACC	TX	\$100.00	\$103.59	\$21.99	\$81.60
ACC10775746	ACC	TX	\$100.00	\$103.59	\$21.99	\$81.60
ACC10775747	ACC	TX	\$100.00	\$103.59	\$21.99	\$81.60
ACC10775748	ACC	TX	\$100.00	\$103.59	\$21.99	\$81.60
ACC10777039	ACC	AR	\$100.00	\$103.59	\$21.99	\$81.60
ACC10777040	ACC	AR	\$100.00	\$103.59	\$21.99	\$81.60
ACC10782936	ACC	WI	\$100.00	\$103.59	\$21.99	\$81.60
ACC10783146	ACC	OR	\$101.00	\$104.63	\$22.21	\$82.42
ACC10787554	ACC	WA	\$100.00	\$103.59	\$21.99	\$81.60
ACC10788684	ACC	NC	\$100.00	\$103.59	\$21.99	\$81.60
ACC10789022	ACC	WI	\$100.00	\$103.59	\$21.99	\$81.60

Note: Only the first 30 policies are shown for illustrative policies. A complete listing is provided on an electronic version of this exhibit



Texas Department of Insurance
Rate and Form Review Office, Mail Code 106-1A
333 Guadalupe • P. O. Box 149104, Austin, Texas 78714-9104
512-322-3401 telephone • 512-322-3552 fax • www.tdi.texas.gov

November 8, 2012

Genetha Roberson
Family Life Insurance Company
10700 Northwest Freeway
Houston, TX 77092

Re: Family Life Insurance Company

Each referenced form/rate was submitted under the authority of Texas Insurance Code, Chapter 1701.

In accordance with Texas Administrative Code, Title 28, Chapter 3, Subchapter A, Section 3.7, this letter is Notice of Departmental Action.

FILING ID#	FORM NO.	ACTION DATE	ACTION
2869442-0	BDDDB01 9430346V4 TX	11/08/2012	APPROVED

Jan Graeber

Jan Graeber
Director/Chief Actuary
Rate and Form Review Office

Family Life Insurance Company
10777 Northwest Freeway
Houston, TX 77019

«NAME»
«ADDRESS»
«CITY_STATE_ZIP»

APPROVED

NOV 28 2012

«POLICY NUMBER»

STATE OF MISSOURI
DEPARTMENT OF INSURANCE

CERTIFICATE OF ASSUMPTION

This is the certify that Family Life Insurance Company ("Family Life"), a Texas life insurance company, pursuant to an Assumption Reinsurance Agreement ("Agreement") by and among National States Insurance Company, In Liquidation, and the National Organization of Life and Health Insurance Guaranty Associations, and Participating State Life and Health Insurance Guaranty Associations and Family Life, hereby assumes as of 12:01 A.M. CST on December 1, 2012 ("Effective Date") all of the contractual obligations under the above-numbered policy originally issued by National States Insurance Company (the "Policy"). Family Life assumes the contractual obligations under the subject Policy, subject to (i) all the terms and conditions contained in the Policy, (ii) any defenses and offsets available to Family Life, (iii) the terms and conditions set forth in the Agreement and this Certificate of Assumption, which will become part of the Policy and (iv) the final Order entered by Circuit Court of Cole County in the State of Missouri (Case No.: 10AC-CC00219) approving the terms and conditions of the Agreement and this Certificate of Assumption.

Family Life is not responsible for any act, error or omission of National States Insurance Company or any third party in connection with the Policy prior to the Effective Date.

From and after the date hereof, you should submit all claims under this Policy, whenever incurred, and all premiums due under this Policy, to Family Life Insurance Company at the following address:

FAMILY LIFE INSURANCE COMPANY
10777 Northwest Freeway
Houston, TX 77092
Phone: 713-529-0045
Toll Free: 1-800-669-9030

IN WITNESS WHEREOF, FAMILY LIFE has caused this Certificate to be executed at its Home Office in Houston, Texas, by its President as of the first day of <<December 2012>>, its effective date.

Mary Lou Rainey

Mary Lou Rainey, Secretary

Dan George

Dan George, President

PLEASE ATTACH THIS CERTIFICATE TO YOUR POLICY

**IN THE CIRCUIT COURT OF COLE COUNTY
STATE OF MISSOURI**

JOHN M. HUFF, DIRECTOR
DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL
REGISTRATION OF THE STATE OF MISSOURI.

Plaintiff,

v.

NATIONAL STATES INSURANCE COMPANY

Defendant.

Case No.: 10AC-CC00219

ORDER

Now on this ~~4~~^{26th} day of October, 2012, John M. Huff, Director, Department of Insurance, Financial Institutions and Professional Registration of the State of Missouri, in his capacity as Liquidator ("Liquidator") of National States Insurance Company ("National States"), appears by and through counsel, Jodi M. Adolf, upon his "Motion for Approval of Assumption Agreement" between National States, National Organization of Life and Health Insurance Guaranty Associations ("NOLHGA"), NOLHGA's members that have elected to participate in the Assumption Agreement in accordance with NOLHGA's participation procedures ("Participating Associations"), and Family Life Insurance Company ("Family Life" or "Reinsurer"), pursuant to Mo. Rev. Stat. § 375.1168.2 (2000). The Court, being well and sufficiently advised in the premises, finds and concludes as follows:

THE COURT FINDS:

1. On April 1, 2010, this Court granted plaintiff's Petition for Rehabilitation, and appointed John M. Huff, the Director of the Missouri Department of Insurance and his successors in office as Rehabilitator of National States and Bruce Baty as Special Deputy Rehabilitator of National States.

2. On November 15, 2010, this Court entered a Judgment, Decree and Order of Liquidation with Finding of Insolvency (the “Order of Liquidation”) against National States. The Order of Liquidation found National States to be insolvent and terminated the rehabilitation proceedings. The Court appointed John M. Huff, the Director of the Missouri Department of Insurance and his successors in office as Liquidator of National States and Bruce Baty as Special Deputy Liquidator (hereinafter collectively referred to as “Liquidator”).

3. Pursuant to the Order of Liquidation and the Insurers Supervision, Rehabilitation and Liquidation Act, Mo. Rev. Stat. §§ 375.1150 *et seq.*, the Liquidator acts for and on behalf of National States and is vested by operation of law with title to all of the property, contracts, rights of action, books and records of National States, is in possession of or is now acquiring the assets of National States, and is administering them under the general supervision of this Court.

4. At the time of the entry of the Order of Liquidation, National States had in effect certain health insurance policies (“Policies”). The holders of the Policies reside in at least 37 states. In each of those states, there is a life and health insurance guaranty association (collectively, the “Affected Guaranty Associations”) that, as a result of the Order of Liquidation and the finding of insolvency of National States, has obligations, subject to statutory conditions and limitations on coverage and applicability, to holders of National States’ Policies who reside within the associations’ jurisdictions (“Covered Obligations”). The Covered Obligations include continuing coverage under National States’ Policies by guaranteeing, assuming or reinsuring the contractual obligations of National States as an insolvent member insurer.

5. NOLHGA is a voluntary association of its members organized as a corporation. Its members consist of life and health insurance guaranty associations established by the laws of the states and other jurisdictions of the United States of America, and include all of the Affected Guaranty Associations.

6. Pursuant to Mo. Rev. Stat. § 375.1182.1(8), the Liquidator may, when deemed appropriate, use assets of an insurer that is under an order of liquidation to achieve a transfer of contractual obligations to a solvent assuming insurer, such as Family Life, if that transfer can be arranged without prejudice to applicable priorities under Mo. Rev. Stat. § 375.1218.

7. After a thorough review and evaluation of the health insurance business of National States, the Liquidator and NOLHGA solicited offers to purchase the Policies.

8. NOLHGA engaged DaVinci Consulting Group, LLC, a national actuarial consulting firm specializing in life and health insurance and managed care products, to complete an independent review of the Policies and to assist in negotiating with potential bidders.

9. Three companies were approached to review the particulars of the Policies. Family Life was the only company that submitted a bid for the Policies.

10. Each Affected Guaranty Association was given an opportunity to agree to and participate in the Assumption Agreement so that its Covered Obligations will be discharged through Family Life's reinsurance and assumption of the Policies.

SUMMARY OF THE TERMS OF THE ASSUMPTION AGREEMENT

11. The Assumption Agreement, *inter alia*, provides:

a. Effective December 1, 2012, the Participating Associations and National States shall cede to Family Life, and Family Life shall assume from the Participating Associations and National States on an assumption reinsurance basis, 100% of the contractual obligations under all Transferred Policies¹;

b. From and after December 1, 2012, Family Life shall be liable for the payment of benefits on the Transferred Policies in accordance with the terms and conditions of the Transferred Policies and the Assumption Agreement, and for handling

¹ The term "Transferred Policies", means any of the Policies that do not become Excluded Policies. The Transferred Policies are identified in Exhibit G to the Assumption Agreement.

all benefit payments that are due on or after the Effective Date, except for those benefit payments for which the Company or the Participating Associations shall be liable as identified in Sections 2.6 and 2.7, respectively, of the Assumption Agreement;

c. Family Life shall issue an assumption certificate to each holder of the Transferred Policies in substantially the form attached to the Assumption Agreement as Exhibit B, within 60 days following the later to occur of (1) the receipt of all insurance department approvals necessary for the delivery of the assumption certificate to the holder and (2) the Closing Date. The form of assumption certificate has been or will be filed by Family Life with all applicable regulators, and Family Life is responsible for obtaining any insurance department approval of the assumption certificate that may be required by the law of any state;

d. The Liquidator, NOLHGA and Family Life have agreed to a transfer of assets at closing, which is set forth in Exhibit A-2 to the Assumption Agreement. No estate assets will be transferred to Family Life as part of this transaction;

e. NOLHGA, the Participating Associations and Family Life do not assume any legal obligations of National States with respect to commissions, policy fees, service fees, and/or producer compensation under third-party, independent contractor, producer, agent or broker commission contracts or administrative contracts between National States and third persons in connection with the Transferred Policies or administration for the Transferred Policies ("Commissions"); and

f. The Transferred Policies shall not be recaptured.

THE ASSUMPTION AGREEMENT IS IN THE BEST INTERESTS OF NATIONAL STATES, ITS POLICYHOLDERS AND CREDITORS

12. The health insurance business to be transferred pursuant to the Assumption Agreement consists of approximately 3,082 policies in 37 states.

13. Family Life, a B+ rated insurer by A.M. Best, is licensed in all states in which Transferred Policies are in-force, and pursuant to the Assumption Agreement, Family Life will assume all Transferred Policies effective December 1, 2012.

14. No estate assets will be transferred to Family Life as a part of the transaction.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. The Assumption Agreement is fair and reasonable to National States, its policyholders and creditors;

2. The Assumption Agreement and the closing and implementation of the transaction contemplated thereby, is approved in the form submitted;

3. NOLHGA, the Participating Associations and Family Life have no obligation to pay Commissions in connection with the Transferred Policies as provided for in Article IX of the Assumption Agreement;

4. The liability of Family Life under the Assumption Agreement is limited as set forth in Section 2.2 of the Assumption Agreement;

5. The conduct and actions of the Liquidator, including his employees, agents and counsel, in connection with the Assumption Agreement are hereby affirmed and approved in all respects;

6. Subject to the satisfaction of the terms and conditions of the Assumption Agreement, the Assumption Agreement is a legal, valid and effective agreement, and the transaction is fair and reasonable to National States, its policyholders and creditors and without prejudice to applicable priorities under Mo. Rev. Stat. § 375.1218;

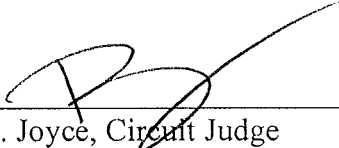
7. The terms and conditions of the Assumption Agreement may be waived, modified, amended or supplemented by the written and signed agreement of the parties without

further approval of the Court, provided that any waiver, modification, amendment or supplement is not material;

8. The parties to the Assumption Agreement are authorized to enter other and further documents as may be necessary to effectuate the transaction without further approval of the Court;

9. Family Life is assuming only those obligations specified in the Assumption Agreement and neither Family Life, nor any of its officers, directors, employees, agents or representatives shall be responsible for any action or failure to act of National States, the Liquidator, NOLHGA or the Affected Guaranty Associations, or any of their officers, directors, employees, agents or other representatives; and

10. There is no just reason for delay and this Order constitutes a final judgment fully resolving all issues relating to the Assumption Agreement.



Patricia S. Joyce, Circuit Judge
Division IV

STATE OF MISSOURI
COUNTY OF COLE

Subscribed and sworn to before me this 1st day of May, 2010, at St. Louis, Missouri.

Notary Public in and for the State of Missouri
My Commission Expires 05/01/2011

Notary Public in and for the State of Missouri
My Commission Expires 05/01/2011

STATE OF MISSOURI } SS
COUNTY OF COLE

Clerk of the Circuit Court of Cole County, Missouri, hereby certify
that the above and foregoing is a full true and correct copy of

ORDER

as fully as the same remains of record in my said office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed
the seal of my said office this *26* day of *October* *2012*

[Signature]

Clerk
Circuit Court of Cole County, Missouri

FAMILY LIFE

November 29, 2012

Arkansas Insurance Department
1200 West 3rd Street
Little Rock, Arkansas 72201-1904

RE: Assumption Reinsurance Agreement between Family Life Insurance Company and National States Insurance Company, in Liquidation, the National Organization of Life and Health Insurance Guaranty Associations, and NOLHGA's members that have elected to participate in this agreement and the corresponding Certificate of Assumption
FORM: BDDDB01 9430346v4 AR
SERFF Tracking No.: CEUL-128719125

Dear Life and Health Division:

Family Life Insurance Company respectfully requests approval of the enclosed assumption certificate to assume the below described health insurance policies from National States Insurance Company, in Liquidation, the National Organization of Life and Health Insurance Guaranty Associations, and NOLHGA's members that have elected to participate in this agreement effective December 1, 2012.

The policies consist of 19 Arkansas accident only, cancer only, champus supplement, dental only, hospital confinement and dental, vision and hearing policies. The nationwide count of policies is 3,082.

Family Life will assume all policy liabilities as of December 1, 2012 and will assume no corporate liability.

We do not intend to issue policies on the form numbers being assumed.

You will find included with this filing:

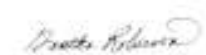
1. Copy of the Certificate of Assumption (Form BDDDB01 9430346v4 AR)
2. Copy of the Assumption Reinsurance Agreement
3. Copy of Order consenting to this transaction
4. Copy of Flesch Certification
5. Electronic filing fee in the amount of \$50.00

The domiciliary state for Family Life Insurance Company is Texas; the domiciliary state for National States Insurance Company is Missouri. Copies of their approvals are included with this filing.

If anything more is needed, please call me at (800) 669-9030 ext. 6435, or email me at groberso@manhattanlife.com.

We look forward to a favorable response to our request.

Sincerely,



Genetha Roberson
Compliance Analyst